



**MINUTES OF THE BUDGET RETREAT  
OF THE CITY COUNCIL  
OF THE CITY OF SPRINGVILLE, UTAH  
APRIL 29, 2014 – 1:00 P.M.**

The following are the minutes of the Budget Retreat of the Springville City Council. The meeting was held on **Tuesday, April 29, 2014 at 1:00 p.m.** in the Springville City Civic Center Multipurpose Room, 110 South Main Street, Springville, Utah. Adequate notice of this meeting, as required by law, was posted in the Civic Center and on the City's website, and delivered to members of the Council, media, and interested citizens.

Mayor Wilford W. Clyde presided. In addition to Mayor Clyde, the following were present: Councilmember Rick Child, Councilmember Craig Conover, Councilmember Christopher Creer, Councilmember Dean Olsen, Councilmember Chris Sorensen, City Administrator Troy Fitzgerald, Assistant City Administrator/City Attorney John Penrod, Assistant City Administrator/Finance Director Bruce Riddle, and City Recorder Kim Rayburn.

**WELCOME AND INTRODUCTION**

Mayor Clyde welcomed everyone at 1:06 p.m. and turned the time over to City Administrator Troy Fitzgerald. Administrator Fitzgerald stated the purpose of this Budget Retreat is to discuss where the budget is currently and where it will be going forward. He started his presentation with a quote from the April 2011 budget meeting. "I feel that the operations and services provided to the citizens are sustainable into the future. At the same time, I also feel that the budget cannot accept additional service obligations (i.e. Villa, Recreation Center) without new commercial growth, tax or fee increases, or other insertion of revenue into our budgets." Administrator Fitzgerald stated this was discussed only a few years ago and he agrees with it today. He noted Director Riddle has been working hard to see that the City and services are sustainable. Administrator Fitzgerald explained there will be discussion on services and programs and the Council can decide what they would like to fund and those that may need to be removed, with a caution that the programs and services going forward are sustainable.

**OVERVIEW OF BUDGET PROCESS – City Administrator, Troy Fitzgerald**

Administrator Fitzgerald stated the proposed budget demonstrates existing services at existing service levels. Not all growth related requests were funded; however, it is possible they will be funded in future years. Administrator Fitzgerald commented since December, the Directors have been working very hard with their Departments to justify expenses and staying in-line with the budget. Administrator Fitzgerald reviewed the budget process with the Council and

explained there is detail behind each line item, if the Council has any questions that information can be examined. He noted after this meeting the tentative budget will be ready for summary in the City newsletter and detailed on the City website. At that time copies will be distributed to Directors and Superintendents. A presentation of the tentative budget will be given to the Mayor and Council in May, with a date of the public hearing set. The proposed final budget will be completed and changes in the tentative budget will be noted and communicated to the Mayor and Council in the Council packet. At that time a public hearing will be held to consider the tentative budget. The proposed final budget will be scheduled for adoption by the City Council in June. Copies of the approved budget will be distributed to the Directors and Superintendents and a summary of the approved final budget will be published in the City newsletter with a detailed budget posted on City website.

**REVENUE DISCUSSION** – Assistant City Administrator/Finance Director, Bruce Riddle

Administrator Fitzgerald commented that today's meeting will start with reviewing the Revenue Funds, Enterprise Funds and General Funds. He explained there have been questions about the different funds; therefore more time will be allotted for this to address any questions the Mayor and Council may have. Administrator Fitzgerald turned the time over to Assistant City Administrator/Finance Director, Bruce Riddle.

Finance Director Riddle reported on the functional units of the budget, starting with the General Fund, which provides for all of the general City services; such as Fire, Police, Library, and Parks, the revenue source is funded by taxes, transfers, grants and some user fees. He explained the Enterprise Fund as providing for utilities and services funded by user fees. Director Riddle reviewed the General Fund and stated revenues are projected to be over \$19 million, this is up about \$1.26 million, however, Director Riddle cautioned \$525 thousand will be transferred from the Enterprise funds for utilities. He noted in the past, City departments would use power and the usage was not charged to the General Fund. Recently the State Auditor has required that power and utilities used by City departments be accounted for in the budget. He stated factoring out the new transfer, approximately \$735 thousand or 4.1% is real growth. Director Riddle remarked in the budget there are no new taxes proposed, the Enterprise Fund transfer rate is at 5% of gross retail sales and a proposal to increase recreation program fees by five dollars for each program has been discussed.

Councilmember Sorensen stated there had been discussions about a possible fee increase for solid waste and asked if this was included in the budget. Administrator Fitzgerald replied there are different options regarding this and more information will be given to the Council for discussion later in today's meeting.

Finance Director Riddle went on to explain the General Fund and the different fees, taxes, grants and charges for services that contribute to the fund.

Councilmember Conover asked if the possible loss in sales tax revenue from the new Wal-Mart in Spanish Fork has been considered. Director Riddle responded it has been considered and he will cover this information going forward.

City Administrator Fitzgerald discussed with the Council options that other Cities have used to generate more property tax revenue. Councilmember Sorensen asked if the Council has “leeway” to vote as a Council regarding property tax. City Administrator Fitzgerald reported several different options are available to the Council and it is a process. Administrator Fitzgerald noted that property tax is eroding and is not a reliable revenue source as it once was. Director Riddle voiced this would be a good conversation to have with the Council in a future meeting. Director Riddle also stated a lower rate and a broader base system of charges for service would better generate General Fund revenue than property taxes.

Director Riddle turned the focus to General Fund transfers. He noted General Fund transfers comprise a large portion of the overall budget. He explained the Utility Fund as transfers that primarily consist of administrative fees, which are an assessment of overhead for power operations and personnel that provide utility services. Operating Fund transfers consist of a portion of power sales deposited into the General Fund to pay for General Fund Services.

Director Riddle relayed information he received from a recent Finance Conference he attended regarding the current economy. He noted Utah is gaining recognition for it’s economic recovery from the Countries economic downturn of the last few years.

Director Riddle explained the top five revenue sources to the General Fund as Sales Tax Revenue, Property Tax, and transfers from Electric Funds and Class C Road Funds. He explained there are about 4000 entities that contribute to the City’s Sales Tax Revenue and the top ten entities contribute at least 45% of the revenue. Director Riddle went on to explain the other revenue sources.

#### **BUDGET REVIEW – ENTERPRISE FUNDS - Assistant City Administrator/Finance Director, Bruce Riddle**

Director Riddle described the Enterprise Fund and the departments that contribute to the fund, Water, Sewer, Power, Storm Water and Golf. He noted Water and Power are affected by weather and are not easy to predict. Director Riddle explained the Water Department is looking at a proposed 1.5% rate increase. Irrigation had a 20% rate increase last year and another 20% rate increase is proposed this year. He stated even with the irrigation increase it is not covering the irrigation cost. Discussion was raised regarding the Water usage downturn this year. Director Riddle stated the Water Department has been doing a good job monitoring expenses. The capital side of the Water Fund includes the pipeline for the Bartholomew Pond, projected for completion in 2015.

The Sewer Fund was reviewed and it was noted there are some onerous projects on the horizon. Director Riddle discussed with the Mayor and Council a 0.50% Sewer rate increase that has been proposed to cover projects and costs. Discussion of the 900 South sewer line project was discussed and is anticipated to start after the 400 south and 1300 East roundabout is completed.

The Electric Fund continues to do well and a rate increase has not been proposed. Director Riddle expressed his appreciation for Power Director Fredrickson and his Department for protecting revenues. Operation expenses remain flat. Director Riddle explained some of the funds go to Southern Utah Valley Power Systems (SUVPS) to maintain electrical lines and power poles.

Storm Water Fund will be taking the biggest hit on impact fees and the fee will be reduced significantly. Public Works Director Stapley explained the City did the 400 South widening project with UDOT and because of the project there is not as much needed for Storm Water.

Director Riddle stated there are no incoming Solid Waste impact fees and the operation expenses are generally flat. He mentioned a possibility of a tipping fee increase from the Solid Waste District. There was some discussion of the Solid Waste District. Also, a few Capital items are needed such as new garbage cans.

Golf, has been the most challenging budget item this year, stated Director Riddle. Actual dollars are not maintaining the budget. There is some volatility and we are not seeing a huge recovery from the recession also the golf industry itself is struggling. Director Riddle stated we are trying to be optimistic and putting a lot of effort into promoting the Course with advertising, social media, and the UGA card has Hobbie Creek Golf Course listed and trying to fill the non-peak times. On the operating side it is as lean as it can be a restaurant has been leased and is up and running. Currently the challenge is the high cost for personnel at the Golf Course and is making it difficult to meet budget. Director Riddle noted these are difficult discussions to have and explained there are employees that have invested over 25 years of service to the Golf Course and organizational changes are a last resort. Director Riddle explained there are the Club House Pro Shop operation and the Maintenance operation. Currently each area is over staffed and an option may be if and when the Golf Pro position comes open to replace it with a full time employee and have the Assistant Pro a part time position that does not work year round. The Golf Maintenance operation currently has three full time employees and the need is to pull back not on operation time but staff, by maintaining the course with the same hours at a lower cost and less year round employees. Councilman Sorensen asked if that was for this year. Director Riddle stated it would be for 2015. Currently the budget forecast is until the end of the 2014 golf season. Director Riddle explained there have been some incentives that if the revenue increases, it may change the need to restructure. Councilman Sorensen voiced a concern about cutting

staff, the course will not be maintained and that will also affect revenues. City Administrator Fitzgerald stated the maintenance hours would be maintained, but with a lower cost. Mayor Clyde asked about the equipment and if there is a need for three employees during the winter months to maintain the equipment. Administrator Fitzgerald noted employees at their request would work overtime during the summer months and use it as comp time during the winter months. Administrator Fitzgerald explained there have been discussions with the Mayor and Golf Director Braun about various possibilities, such as transferring an employee to another department. Councilmember Conover asked if there has been any consideration for advertising around the course and at various holes. Director Riddle asked the Council if they want to go forward with advertising around the Golf Course, he noted there has been some push back before about having signs over the course. The Council came to a consensus of advertising on benches or tee boxes would not be a problem. Discussion continued regarding operation costs and generating revenue. The Council would like to review this again before any decision is made.

Director Riddle discussed the Airport Budget. He reviewed the operating costs and revenues from hangar and tie down fees along with the Capital projects for expansion of the runway. The Airport Manager is proposing to take the part time maintenance position to a full time position. Director Riddle voiced some concern that the required funds for this position will put the budget for next year on tenuous ground. He asked the Council what service level they would like to see at the Airport. Mayor Clyde expressed the Airport is a small portion of the community and feels it should sustain itself. He noted they do receive funds from the hangar rentals and tie downs. There was discussion between the Council and staff regarding the Airport and operations.

A break was called at 2:20 p.m. The meeting was reconvened at 2:37 p.m.

#### **WAGES AND BENEFITS – City Administrator, Troy Fitzgerald**

Administrator Fitzgerald reviewed the proposed benefits and wage increases. He explained the job grades will be adjusted to reflect the market and individual increases will be based on merit. Administrator Fitzgerald reviewed figures from other cities and their benefits. He noted the City went out to bid on medical benefits after receiving a 22.6% increase in medical costs. After reviewing other proposals he stated the City may want to stay with Select Med. Administrator Fitzgerald stated the City is fairly competitive with other cities and it will be something to look at going forward. He noted it has been a brutal year for medical insurance rates.

## **BUDGET REVIEW – GENERAL FUNDS – City Administrator, Troy Fitzgerald**

Administrator Fitzgerald reported the General Fund has not seen much change. He stated there have been healthy increases except in areas the City can control. He also mentioned charges for services are down.

Administrator Fitzgerald noted the Youth City Council will need more money for small items, and is asking for the budget line item to go back to \$4500 from the previous \$2500. City Attorney Penrod noted the group is doing very well and participating in many projects as well as having the largest group since the start of the program. Councilmember Creer acknowledged with the involvement of over 100 kids, moving the budget item to \$5000 would be reasonable.

Some shifting has been done in Community Development. Building Permits have been very slow and the market does not look as though it will change. The Community Development Department is looking at reducing one Planner position. A records employee was moved to Public Works and a full time position was changed from one full time to two part time positions to try and save money.

Administration has shifted a few part time positions. One part time position was moved to the Records Office and one part time position to a Web/Social Media position. The Social Media position has not been included in the previous budget and will be discussed further. Administrator Fitzgerald noted there are funds in the Election Line item, just in case there should be an Ordinance change. The Legal Department has seen some changes from transferring to the Utah Governments Trust from URMMA.

Parks added staffing hours to handle the new Library Park and Bartholomew Community Park that will be completed in 2015. Most of the hours will be managed by part time staff. Administrator Fitzgerald noted this will be the last time adding staff, full or part time without a substantial capital investment. He also explained next year the Parks Department will be looking at adding new equipment to facilitate the new Bartholomew Park.

Some staffing has been moved from Art City Days to the newly created Recreation Administration, this will assist in keeping track of special events. The Art City Days budget has been enhanced for the 50<sup>th</sup> anniversary and a five dollar increase in Recreation Fees has been proposed. Administrator Fitzgerald reviewed items regarding the Cemetery Department and a niche wall they are looking at implementing. Administrator Fitzgerald reviewed grant funding for the Arts Commission and the Library. Discussion turned to a review of the various transfers from the General Fund.

Administrator Fitzgerald reviewed the Special Improvement Fund. The City is paying \$750,000 in one time money for Bartholomew Park, the funds should be paid back to the General Fund from Impact Fees. Administrator Fitzgerald discussed the Special Revenue Fund. He noted Bartholomew Park was funded at \$1,000,000 of that \$250,000 came from Impact Fees and \$750,000 in one-time money. There is \$541,856 for a Park Bond through 2021 and anticipated



revenue of \$490,560. Councilmember Sorensen asked if the funds have been spent or if there are some funds to finish the Bartholomew Park. It was explained the property for Bartholomew Park was purchased with the funds along with improvements to Community Park and the Civic Center Splash Pad.

Administrator Fitzgerald discussed Capital Improvements. He noted proceeding with direction from the Council back in January, there is a slight increase to building maintenance and Staff is working on a list of projects. He also explained there is a large 9-1-1 upgrade with a \$144,000 in grant funds. Administrator Fitzgerald explained there will be upcoming standard road maintenance and the 950 West Railroad Crossing. He explained there are funds for the engineering portion and they are moving forward with UTA on the crossing. Various minor safety upgrades and replacements are included some of them being SCBA equipment for fire fighters and vehicle replacements.

Administrator Fitzgerald asked if there were any questions. Councilmember Sorensen asked if the City had an inventory of property that could be marketed. Administrator Fitzgerald answered there is some acreage in the Industrial Park and explained other various properties throughout the City.

#### **SOLID WASTE RATE DISCUSSION – City Administrator, Troy Fitzgerald**

Administrator Fitzgerald reviewed the current Solid Waste fees and explained the first garbage can is \$11.75 and the second garbage can is \$8.50. A recycle can is \$5.75 and the budget is built around +1.5% fees. Neighboring cities charge the following monthly fees; Spanish Fork every garbage can is \$9.36 and a recycle can is \$7.44. Orem charges for the first garbage can \$10.50 the second can is \$9.50 and a recycling can is \$3.05. Administrator Fitzgerald provided a handout with examples of different options other Cities offer for Solid Waste service.

Administrator Fitzgerald invited the Council to give feedback on the provided proposal for garbage and recycling monthly fees with the following options. Option one would be the first garbage can without recycling at \$13.75 with a \$2.00 increase. Option two, the second or more garbage cans at \$10.75 with a \$2.25 increase and Option three the first garbage can with recycling at \$16.75 an \$11.00 increase. Current 2014 Customer numbers are; 8541 total customers, 1340 second or more cans and 1,037 recycle customers. Administrator Fitzgerald explained current revenue for Solid Waste plus recycling is at \$1,402,000 this includes a 1.5% rate increase. He indicated in example one, if there were 2,000 cans, plus recycling along with 6,541 first cans, no recycling and 750 with a second or third can would be estimated revenue of \$1,661,850. Example two; if there were 4,000 cans plus recycling and 4,541 first cans no recycle and zero second or third cans there would be estimated revenue of \$2,063,850. Administrator Fitzgerald explained he gave these different options to show the need for more revenue. Mayor Clyde questioned the amount of recycle cans that would be needed. He

expressed if there was an opt-out selection it may change the numbers. A brief discussion of various different options with recycling and number of garbage cans needed was held. Councilmember Sorensen asked if the goal is to encourage recycling. The reply was yes. Administrator Fitzgerald asked the Council if they would like to keep the current rate structure for Solid Waste or make changes. Councilmember Creer stated changing it year by year can be frustrating for citizens. The consensus was to review and come back with more information on solid waste rates and possibilities of recycling.

A break was called at 4:50 p.m. The meeting was reconvened at 5:39 p.m.

**POLICY DIRECTION – CREATING A PLAN FOR A RECREATION CENTER –**  
Assistant City Administrator/City Attorney John Penrod

Attorney Penrod gave a presentation on the current pool, he stated it was projected to last twenty to thirty years and is now approaching 40 years. The pool is in need of repair and there have been cracks that have been patched. Tuesday and Wednesday evenings are usually busy with youth and scouting activities, other times it is slow unless there is some activity or event planned by the pool staff. Programming has helped increase attendance and swimming lessons. The City pool is losing staff to the new Provo Pool for an increase in wages. Attorney Penrod reviewed sales that the Provo Recreation Center and Pool are receiving.

Attorney Penrod asked the Council for feedback on what they want to see as far as a pool and recreation center as well as a location and planning. Attorney Penrod recommended hiring a consultant to give City feedback. Councilmember Conover noted this was done in 2002 and it was not passed. Attorney Penrod noted the citizen survey from 2013 and a pool recreation center was one of the top requests on the list.

Councilmember Sorensen stated the best case scenario would be to have property that would accommodate a full Recreation Center, but start with the basics like a pool and have plenty of parking. He stated it is important to get a plan started. Councilmember Conover said some kind of family element would need to be included not just a deep water pool.

Mayor Clyde stated some kind of an outdoor element should be suggested. He noted the timing for the last proposal was not the best. The City building and Library buildings were recently built and the plan did not have a good representation of what was going to be built.

Councilmember Conover stated a location needs to be decided upon before going forward. Councilmember Creer agreed, he has also received comments from citizens that they didn't know where it was going to be built.

Attorney Penrod explained different possibilities for funding. He explained other cities have done a RAP tax or CARE tax as an option and explained the requirements and noticing needed. He noted, depending on what the Council recommends, it would be important to start



working on the process because of deadlines with noticing and adding information to a ballot. Discussion of various options for funding, location and the type of facility was discussed.

Councilmember Sorensen stated a planning session is needed, to discuss a location, the design of the facility and funding. Mayor Clyde stated finding a way to fund the facility is a top priority. By consensus the Council agreed to have staff review options of a General Obligation bond or a CARE tax and come back with more information. Administrator Fitzgerald stated there are deadlines to meet if the Council would like to pursue a CARE tax. Councilmember Olsen stated there is not enough time to proceed this year. Administrator Fitzgerald stated the more information we can give to citizens the better.

#### **NEW SERVICES DISCUSSION – City Administrator, Troy Fitzgerald**

Administrator Fitzgerald explained to the Council there are approximately \$275,000 to spend on expanding services. He cautioned the Council that it is “one time” money and if they decide to spend it on services that will run year after year there will need to be a way to finance them. Administrator Fitzgerald provided a handout and explained the possible services. He provided a list of services the Council requested in their Budget Retreat back in January. Also included in the list are new services requested from City Staff and growth services that are not yet funded.

Discussion was raised about an Economic Development employee. It was noted it would be an ongoing expense but could include other responsibilities. Mayor Clyde asked the Council their thoughts on the Rivoli Theater, with the need to raise another \$150,000 plus operating costs. Administrator Fitzgerald noted staff had contacted another theater group and it may be possible to get an operator for the facility, but that does not guarantee success. It was mentioned enthusiasm for the project has waned.

Mayor Clyde reviewed the list of services with the Council and asked for their input. It was determined Administrator Fitzgerald would compile the list and respond back to the Council with more information.

#### **WRAP UP/QUESTIONS AND CONCERNS**

There were none.

#### **ADJOURN**

THE COUNCIL REACHED CONSENSUS TO ADJOURN AT 7:58 P.M.